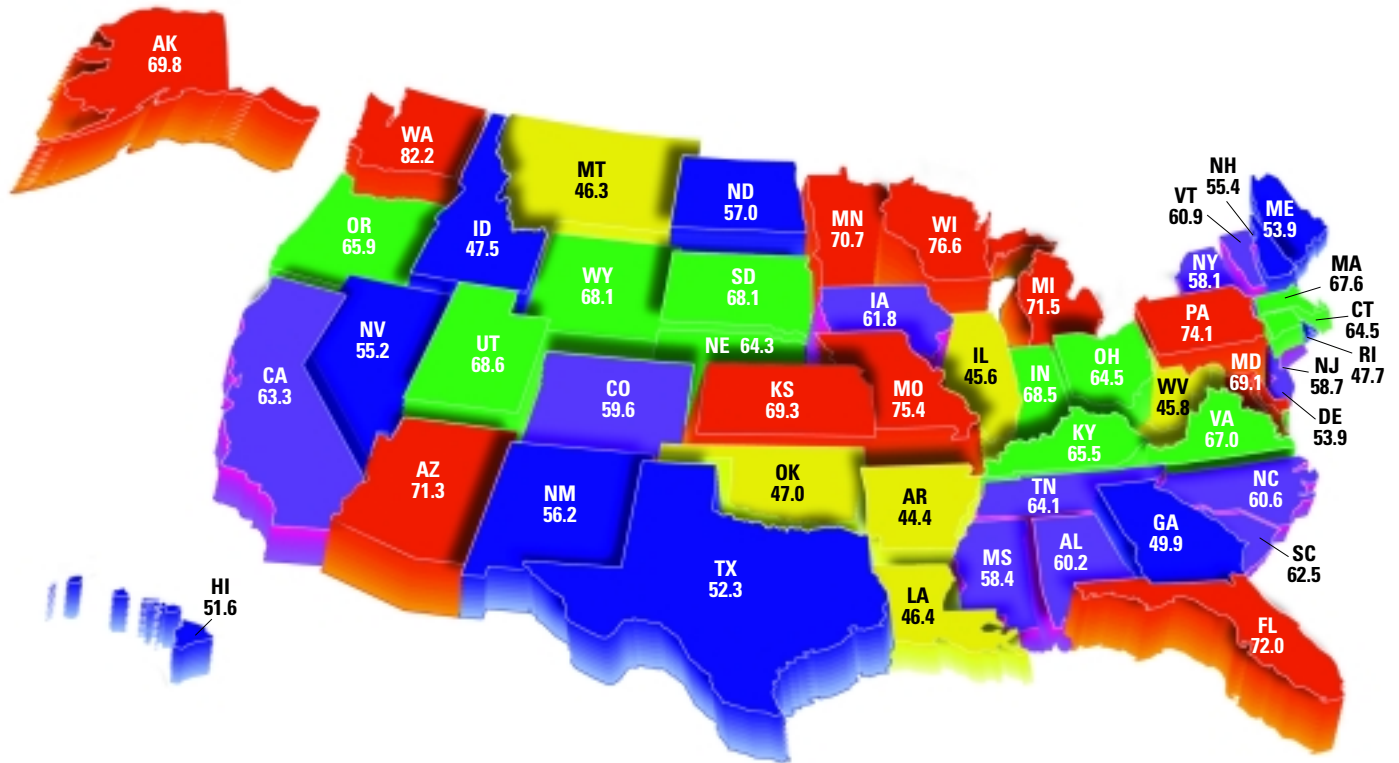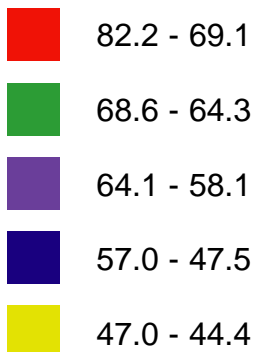# States Progress Toward Digital Nation

By Steve Towns | Contributing Writer

The Progress & Freedom Foundation ranked each state's overall technological progress against a series of benchmarks. The maximum possible score is 100 points.

- 82.2 - 69.1
- 68.6 - 64.3
- 64.1 - 58.1
- 57.0 - 47.5
- 47.0 - 44.4

Washington repeats as nation's most digital state.

For the second consecutive year, Washington led the nation in using information technology to streamline state government operations and deliver citizen services, according to Digital State, a national study conducted by the Progress & Freedom Foundation (PFF) in association with Government Technology.

Scheduled for release this month, the annual study tracks state government IT use in eight areas, including education, business regulation, revenue and taxation, social services and law enforcement. Measuring IT achievements against a series of benchmarks, Digital State grades state efforts in the eight categories and also ranks their overall technological progress.

Washington topped all states with an overall score of 82 points out of a possible 100. Wisconsin captured second place with 77 points, followed by Missouri at 75 points, Pennsylvania

at 74 points and Florida at 72 points. At the other end of the spectrum, Arkansas ranked last with just 44 points. Rounding out the bottom five were Illinois with 45.6 points, West Virginia with 45.8 points, Montana with 46.3 points and Louisiana with 46.4.

Washington Gov. Gary Locke said his state is proud to receive Digital State's top ranking. "As the home of Microsoft, Go2net and RealNetworks, it is fitting that our state should also have a government that is willing to push the parameters of technological innovation to best serve the people," said Locke. "High technology is opening new doors in how we govern, how we educate and how we do business in Washington state."

Chief Information Officer Steve Kolodney, director of Washington's Department of Information Services, called the survey results a validation of the state's wide-ranging IT initiatives. "It's terrific for our organization. We are stressing people to perform at very high levels, in very risky situations," he said. "To succeed and be recognized for that success is a tonic for the people who have taken the risk and made the effort."

Plenty of Progress

"Digital State shows states making across-the-board progress on implementing digital technologies," said PFF President Jeffrey Eisenach. This year's average overall score of 61 points represents an increase of nearly 40 percent over the 1997 study.

"Without any question, the most significant finding is the rapid rate of improvement," Eisenach said. "What you're seeing is the states really focusing on [IT], and I think you're seeing the results of two and three and four years of effort coming to fruition.

"I think [states] are still running to catch up with the private sector, but I think they're in the race and running fast," he added.

In particular, this year's report says states made significant strides in creating systems to help businesses electronically comply with regulatory requirements. Average scores in the business-regulation category jumped more than 60 percent over 1997, with almost every state now offering at least some online licensing and permit information. The study ranks Alaska first in the business-regulation category, followed by Maryland and Pennsylvania, which tied for second.

Eisenach said competition between states to attract businesses is spurring nationwide efforts to reduce government regulatory hassles. For instance, states are moving at varying paces toward electronically collecting regulatory information once, then flowing the data wherever it is needed. In fact, he predicted that business filings eventually will be generated automatically from company information systems and paperlessly transmitted to the proper government offices. "What it's going to do is make compliance with government regulation transparent," said Eisenach. "Obviously, companies will want to oversee the data for purposes of correctness, but it's not going to involve anything like the compliance costs that are currently involved."

For now, however, the study notes that most states have failed to achieve true interactivity in this area. Notable exceptions include Massachusetts, which allows residents to file vehicle registration forms and change addresses of professional registrations online, and Alaska, which offers online vehicle registration and personalized-license-plate purchases.

The report said the lack of digital-signature legislation in many states continues to hobble widespread implementation of online filing systems. Still, PFF expects that rising numbers of Internet users and government's burgeoning interest in distributing taxation, licensing and

Results by Category, 1997 & 1998

Category	'98 Avg. Score	'97 Avg. Score	Percent Change
Digital Democracy	59	51	+16%
Higher Education	62	44	+40%
K-12 Education	67	44	+52%
Business Regulation	59	36	+64%
Taxation	59	42	+41%
Social Services	48	33	+45%
Law & the Courts	52	37	+40%
Other Initiatives	84	70	+20%
TOTAL	61	44	+39%

regulation materials electronically may soon make paper a thing of the past.

Traits of Successful States

The study's highly ranked states tended to have cabinet-level CIOs with strong support from the governor and Legislature. They also took a comprehensive approach to technical challenges, working toward integrated systems that seamlessly deliver services to constituents.

Beyond these organizational and technical similarities, the study found few constants among successful states. For instance, there was little correlation between a state's size and relative affluence and its overall ability to deliver effective electronic services. "Missouri is No. 3 this year, and California is way down the list. Illinois is No. 49, and Alaska is No. 9. Anybody can be a winner on this playing field," said Eisenach. "You don't have to be rich; you don't have to be big. You have to be committed to it, and you have to put the resources behind it."

Kolodney said top-ranked Washington benefited from both the governor's drive to create a "high-performance" government and the state's ability to centrally oversee IT initiatives through its Department of Information Services. "If you're broken up into lots of little pieces, where the data centers are in one place and the networks are somewhere else and the CIO is in a third place, it's very hard to bring the right energy to bear on getting this done," he said. "If you're fortunate like we are to have an integrated department that delivers these services, it's much easier."

Breaking Barriers

In particular, PFF commended Washington's use of information technology to break traditional barriers between departments and promote

seamless transactions among government agencies and constituents. "We're in an environment in which the citizen doesn't care about the agency or even the level of government. All the citizen wants is the right information as easily accessible as possible," said Kolodney. "So you have to go beyond the traditional boundaries of agency responsibility and create an environment in which the information is the important element, and you have to keep working on it every day."

That philosophy manifests itself in the state's new Access Washington Internet service. Kolodney describes Access Washington as a portal — similar to popular Web sites like Yahoo! and Excite — dedicated to state government information.

The new service, expected to be fully operational this fall, will replace the state's current home page and provide a single access point for all state government information. In addition, the site will offer integrated applications designed to simplify the state regulatory process for small businesses and support other community information needs.

"People in the state have built an expectation of using electronic media to get information," said Kolodney. "Government should be as good in delivering on that expectation as any other part of society. We need to meet the same expectation that any great company intends to meet."

Other Gains

Besides widespread progress in business-regulation systems, states also posted healthy gains in education and law enforcement technologies, according to the study.

Five states — North Dakota, Ohio, Pennsylvania, Vermont and Washington — achieved No. 1 rankings in the K-12 category. Among the significant trends uncovered by the survey were growing emphasis on developing IT

infrastructure and equipping schools with computer hardware. The most successful states also are increasing the amount of technology training they provide to public-school teachers.

These activities, and others like them, drove up states' average K-12 score by more than 50 percent over last year's results. PFF also notes that 30 states now post education performance measures on the Internet, allowing parents to compare schools throughout their state.

The survey reported similar technology gains in higher education, where Michigan took the top ranking and eight states — Arizona, California, Hawaii, Kansas, Mississippi, Nebraska, Oregon and Washington — tied for second.

PFF said more than half of the states now allow students to download college-loan applications. Furthermore, distance-learning programs, scarce in 1997, gained popularity this year, with more than 75 percent of states offering at least one course via teleconference. However, the number of courses delivered through the Internet remains low, according to the study.

In the law enforcement and courts arena, states have focused their efforts on integrating existing databases, the study says. These initiatives are aimed at providing attorneys, law enforcement personnel and others access to realtime information through a common interface. Examples include efforts in several states to equip police vehicles with an automated fingerprint identification system, according to the study. The technology allows officers to collect and match fingerprints in the field, leading to faster identification of suspects with outstanding warrants or previous offenses.

Police departments also have begun using the Web to alert people to such public safety threats as gang activity, and state Web sites now provide information on how to collect child-support payments and other legal matters. Wisconsin led the study's law enforcement and courts category, with Maryland second, and Minnesota and Utah tied for third.

Social Services Lags

States have not been as quick to inject digital technology into social-services programs. Social services posted the lowest scores of any study category, with states earning an average of just 48 points of a possible 100.

Eisenach said a number of factors held back progress in social-services technology. For instance, these programs lack the competitive pressure that drives improvement in areas like business regulation. There also is little political incentive to automate state social-welfare systems. "You have the least empowered and least knowledgeable consumers who are in the least-strong position to demand more," Eisenach said. "In fairness, I think it's a huge challenge. There are a lot of privacy issues that come into play, and certainly [social services] is the most anachronistic of the existing systems, so it probably has the farthest to go."

Indeed, the study points out that many states still rely on paper records for most social-service programs, and 11 states do not use digital systems for any record-keeping.

On the brighter side, 13 states now offer benefit forms online or via kiosks, compared with only five in last year's study. PFF also found that such

states as Oklahoma and Illinois are pioneering the use of electronic benefits transfer and smart cards. Other states — Oregon and Connecticut, for example — have created Web-based job banks to help people find employment.

According to the study, Alaska did the best job of injecting technology into its social-services programs, followed by Washington. Tied for third were Florida, Oklahoma, Vermont and Wyoming.

Future Looks Bright

Six states — Indiana, Kansas, Minnesota, South Dakota, Washington and West Virginia — earned perfect scores in the study's "Other Initiatives" category, designed to gauge an ongoing IT commitment.

According to PFF, states posting high scores in this category have set the stage for future success by creating a central agency to oversee IT efforts and establishing a cabinet-level CIO. They're also building statewide intranets, providing most state workers with Internet access and strongly confronting year-2000 conversion.

Indeed, PFF contends that the ultimate responsibility for much of any state's IT success rests on the shoulders of its CIO. "Utilization of digital technologies is often driven by personalities," the report says. "Where there is a strong chief information officer empowered to complete certain tasks, progress is likely to follow."

Based on the number of states making a strong showing in the "Other Initiatives" category, PFF predicted continued IT progress next year. The organization also expects another shake-up in the overall rankings. Eisenach noted that Pennsylvania, ranked 31st in 1997, shot to the No.

Top Ranking States

Digital Democracy

State	Points
Alaska	83
Colorado	83
Iowa	83
Kansas	83
Nebraska	83
Virginia	83
Washington	83
Wisconsin	83
Indiana	79
Florida	76
New York	76
Kentucky	75
Missouri	75

Business Regulations

State	Points
Alaska	100
Maryland	92
Pennsylvania	92
Massachusetts	83
Michigan	83
Missouri	83
South Dakota	83
Wyoming	83
Arizona	75
Florida	75
Kansas	75
Montana	75
Nevada	75

Higher Education

State	Points
Michigan	94
Arizona	83
California	83
Hawaii	83
Kansas	83
Mississippi	83
Nebraska	83
Oregon	83
Washington	83

K-12

State	Points
North Dakota	100
Ohio	100
Pennsylvania	100
Vermont	100
Washington	100

Law Enforcement/Courts

State	Points
Wisconsin	87
Maryland	83
Minnesota	80
Utah	80
Missouri	73

4 spot this year, and Utah moved from 25th to 12th. Meanwhile, Maine dropped from 14th to 39th, and New Jersey plummeted from seventh to 31st.

The 1999 survey should show similar movement, he said. "The potential for immediate improvement is pretty dramatic. It doesn't take long, if you do it wisely, to go from a standing start to a pretty sophisticated system."

For more information, contact the Progress & Freedom Foundation at 202/289-8928 or <http://www.pff.org/>.

Linking Residents to Benefits

Illinois' LINK system represents one of the best social-services applications of information technology, according to the Digital State report.

While social-services technology lags behind other program areas in many states, Illinois began using electronic benefits transfer to distribute cash and food-stamp benefits in 1997.

Now, 500,000 state residents use LINK cards to access benefits, according to the Illinois Department of Human Services. Approximately 7,000 retailers accept the card for food purchases, and many also provide cash access.

LINK has won wide acceptance among both benefit recipients and the business community, the department said. A recent survey found that 82 percent of recipients either prefer LINK over paper coupons or have no preference. Retailers overwhelmingly support LINK because it reduces paperwork, accounting and administrative costs.

The system also appears to be paying off for the state. Illinois said LINK reduces expenses by 81 cents per case, producing an estimated annual savings of nearly $10 million.

Maryland Takes Care of Business

Maryland is making it easier for businesses to set up shop with an advanced Web site that allows companies to register for new tax accounts online.

The site, operated by Maryland's Comptroller of the Treasury, is one of several "best practices" highlighted in the 1998 Digital State report. Using the site's Combined Registration Application (CRA), businesses may apply for income tax withholding accounts, sales and use tax licenses, unemployment-insurance accounts, and comply with several other state regulatory requirements.

Registrants follow prompts to complete the necessary online forms. Then applicant information, encrypted for security, flows seamlessly to the necessary state agencies, according to the study. PFF credits the paperless CRA system with speeding up the business regulation process and allowing the comptroller's office to digitally manage business-tax registrations.

In addition to the business-tax application, the comptroller's Web site allows people to check the status of tax refunds, search the state's unclaimed-property database and file online tax extensions. These and other services may be found on the agency's Electronic Services page at <http://www.comp.state.md.us/eservice.htm>.